

**2007 GRANT PROPOSAL SOLICITATION
Alternative Fuel Incentive Program (AFIP)**

ATTACHMENT B

Biofuels—Startup of Small Production Facilities in California

Stationary Source Division
California Air Resources Board
02/09/07

California Air Resources Board
Alternative Fuel Incentive Program (AFIP)
Biofuels—Startup of Small Production Facilities in California

February 9, 2007

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INTRODUCTION

The mission of the California Air Resources Board (ARB or Board) is to promote and protect public health, welfare and ecological resources through the effective and efficient reduction of air pollutants while recognizing and considering the effects on the economy of the State. Chapter 48, Statutes of 2006 (Assembly Bill 1811) authorized the California Air Resources Board (ARB) to expend \$25 million (twenty-five million dollars) in the 2006/2007 budget year to incentivize the use and production of alternative fuels. The Board is requesting Alternative Fuel Incentive Program (AFIP) grant proposals from applicants for the fiscal year 2006/2007. All funds must be encumbered by June 30, 2007.

None of these funds may be used for incentives, grants, or any support of fuels derived from petroleum, petroleum coke, or coal.

As mentioned above, these funds must be encumbered by June 30, 2007.

More information on the Alternate Fuel Incentive Program can be accessed at <http://www.arb.ca.gov/fuels/altfuels/incentives/incentives.htm>

ELIGIBLE PROJECTS/SCOPE OF WORK

The focus of this grant application packet is to solicit proposals for Fuel Production Incentives. The types of fuel production incentive projects that are eligible for incentive funding include, but are not limited to, **new** biofuel production facilities, digesters, and landfill gas-based liquid natural gas (LNG) or compressed natural gas (CNG). Other processes and projects that produce clean alternative fuels are welcome and will be considered for funding.

All projects must be operational no later than December 31, 2008.

AVAILABLE FUNDING

The total funding available through this solicitation for fuel production facilities is currently estimated to be \$5 million. It is anticipated that this allocated amount will be distributed as grants within this category. However, should an insufficient number of quality proposals be received, monies may be shifted to other grant categories. Not all monies may be awarded. In no event will the total grant amount exceed \$25 million.

DEFINITIONS

“**Biodiesel**” meets the biodiesel standard specified by the American Society of Testing and Materials (ASTM), which is ASTM D6751-06 and includes Renewable Diesel meeting D975 for ULSD in California.

“**Renewable Diesel Fuels**” would include algae-diesel, biodiesel, thermal conversion, hydroprocessed vegetable oils and biomass to liquid fuels.

- Typical biodiesel is made from soybean, recycled cooking oil, animal fats, palm oil through an esterification process.
- Renewable Diesel generally refers to diesel made from a variety of feedstocks, but using more of a refinery type process (Fisher-Tropsch, etc.). It has very high octane rating and zero aromatics.

APPLICATION REQUIREMENTS

All projects shall meet the specific requirements of this solicitation. Applicants must meet these criteria and fully complete project applications to be considered for project funding consideration. Additional information may be requested during the application review process if needed.

APPLICATION PROCESS

This application packet is to be completed by applicants and contains the forms and guidelines for submitting complete proposals for funding. The decisions regarding eligible applicants and proposals that are ultimately funded will be the sole discretion of the ARB. Grant applications must be complete and meet all the requirements set forth in the application packet.

Two signed original copies and one CD of the proposals, including all the required documents must be received at the Air Resources Board headquarters at 1001 I Street, Sacramento, CA 95812 **no later than 5:00 PM, March 12, 2007.**

Mail or deliver proposals to the following address:

U.S. Postal Service Deliveries

Ms. Kathy Leuterio

Air Resources Board
Mobile Source Control Division
P.O. Box 2815
Sacramento, CA 95812

Hand Deliveries

(UPS, Express Mail, Federal Express)

Ms. Kathy Leuterio

Air Resources Board
Mobile Source Control Division
1001 I Street
Sacramento, CA 95814

Postmark dates will not suffice to meet the stated deadlines.

No application documents may be submitted by fax or email.

Timelines

Public Release of Solicitation	February 9, 2007
Application Deadline	March 12, 2007 5:00 PM
Review/Rating of Proposals	
Grantees Selected	April 12, 2007
Public Posting Notice	
Award Notification	
Deadline for Encumbrance of Funds	June 30, 2007

Format Requirements

The ARB strongly encourages applicants submitting proposals to be accurate, brief and clear in the presentation of their proposal/ideas.

Applications will be initially screened to determine if: 1) the projected operational date of the new biofuel production facilities and digesters is no later than December 31, 2008, and 2) the application is complete.

EVALUATION AND SCORING

The ARB will conduct an evaluation of each qualifying project based on the merit of the grant proposal. The maximum score is 100 points. Qualifying projects within each category will be considered for funding.

A multi-agency state team will review, evaluate, and make recommendations on the provided grant proposals. The multi-agency state team is comprised of the Air Resources Board (ARB), California Energy Commission (CEC), California Department of Food and Agriculture (CDFA), Department of Forestry and Fire Protection (CDF), Integrated Waste Management Board (IWMB) and Water Resources Control Board (WRCB).

The ARB staff will conduct an evaluation of each qualifying project based on total project cost, proof of project funding, experience and qualification of principals, application of commercially proven technology, selection of feedstock, production volume criteria, and a demonstration of project viability and the ability to go on stream and obtain rated production within the desired timeline.

EVALUATION AND SCORING CRITERIA

1. Cost of Project (maximum 10 points)

Project proponents will clearly state the amount of funding they are requesting and the basis for this request. Total fund allocation for new biofuel production facilities and digesters is currently estimated to be \$5 million. The amount of funds to be awarded for a single facility location may be up to \$1 million. There is no minimum match share requirement, but the share of match funding will be considered in scoring the proposal. Project proponents should provide proof of total project funding.

2. Demonstration of Project Viability (maximum 25 points)

Projects will be evaluated based on completeness of information related to site, engineering, and offtake contracts for the proposed alternative fuel production facility. Applicants should discuss the experience and qualifications of the project team as well as innovative and technical features of the project.

3. Site Plan and Engineering Drawings (maximum 25 points)

Projects will be evaluated based on the completeness of engineering drawings identifying all components that make up the alternative fuel production facility. Also, the proposals should include process, mass, and energy flow diagrams.

4. Procurement and Construction Schedule (maximum 20 points)

Projects will be evaluated on the completeness and timeliness of the procurement and construction/installation schedule for installing the alternative fuel production facility. Successful applicants will discuss their plan and schedule for obtaining all necessary regulatory permits and approvals from State and local agencies.

5. Ability to Produce Alternative Fuel (maximum 10 points)

Project proponents will be evaluated on their ability to produce the alternative fuel according to the rated plant capacity. The successful applicant will have demonstrated the technical ability to produce the alternative fuel according to current standards. For example, produced biodiesel must meet ASTM D6751-06.

6. Application Requirements (maximum 5 points)

The application will be evaluated for a clear and concise presentation of information.

7. Small Business (maximum 5 points)

Applications will be evaluated to determine their standing as a small business owner. Applicant shall provide verification at the time of application submittal.

MONITORING AND REPORTING REQUIREMENTS

Awardees must submit to ARB monthly reports that contain the following information:

- Grant Information

- Project address
- Progress to date, including all project expenditures
- Alternative Fuel Monthly Production (gallons/month for Biodiesel or therms and average calorific value for digester gas)
- Feedstock utilized
- Status of construction

ARB reserves the right to inspect all funded projects with a minimum of 24-hour notice for the life of the project grant agreement.

DISBURSEMENT OF FUNDS

- Grantees will be reimbursed up to 60 percent of award upon submission of expenditure receipts.
- Remainder of award will be reimbursed after submission of all project expenditure receipts and when project locations become operational as deemed by ARB staff.
- No grant monies will be awarded after June 30, 2009.

CONTACT PERSONS

Please contact Kathy Leuterio or Katrina Sideco for information relating to this grant. Questions and correspondence should be directed to:

Kathy Leuterio
Air Resources Board
Mobile Source Control Division
P.O. Box 2815
Sacramento, CA 95812
Phone: (916) 322-1731
STTB@arb.ca.gov

Katrina Sideco
Air Resources Board
Stationary Source Division
P.O. Box 2815
Sacramento, CA 95812
Phone: (916) 323-1082
STTB @arb.ca.gov

APPENDIX A
Application Form

BIOFUELS—STARTUP OF SMALL PRODUCTION FACILITIES IN CALIFORNIA APPLICATION

Please print clearly or type all information on this application and on all attachments.

A. APPLICANT INFORMATION

1. Company Name/Organization Name/Individual Name:		
2. Business Type:		
3. Contact Name and Title:		
4. Person with Contract Signing Authority (if different from above):		
5. Business Mailing Address and Contact Information:		
Street:		
City:	State:	Zip Code:
Phone: ()		Fax: ()
E-mail:		
6. Project Address (if different from above):		
7. How many projects are being applied for?		

I hereby certify that all information provided in this application and any attachments are true and correct.

Printed Name of Responsible Party:	Title:
Signature of Responsible Party:	Date:

Third Party Certification

I have completed the application, in whole or in part, on behalf of the applicant.

Printed Name of Third Party:	Title:
Signature of Third Party:	Date:
Amount Being Paid for Application Completion in Whole or Part:	Source of Funding to Third Party:

B. TYPE OF PROJECT (circle one):

BIOFUEL PRODUCTION FACILITY

DIGESTER

OTHER: _____

1. Site Location		
Street:		
City:	State:	Zip Code:
Phone: ()	Fax: ()	

C. COST OF PROJECT

1.
2.

D. SITE PLAN AND ENGINEERING DRAWINGS

1.
2.
3.

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E. Abstract/Summary of Project

F. Work Statement with Task-by-Task Description of Project